

CalPERS

July 2008 Offsite Recap

Strategic Priorities and Direction

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CalPERS Health Care Priorities

Key Themes

Presenters at the July Board offsite discussed the following key themes:

- Promote provider competition rather than plan competition
- Consider alternative provider payment models (i.e., pay-for-performance)
- Population health management is critical to successful long-term cost control
- Consider evidence-based design elements
- CalPERS needs the right staffing in place to ensure effective health plan oversight and accountability



CalPERS Health Care Priorities

Areas of HBC Interest

The Board discussed the following areas of interest:

- **Population health management** (include ways to facilitate Agency engagement in the process)
 - **Increase transparency** (both cost and quality)
 - Promote **smart consumer choices** amongst the membership
 - How **e-prescribing and other new technologies** should be promoted and could help reduce CalPERS trends
 - Promote provider **pay-for-performance**
 - Ensure we have the **right staffing** to pursue priorities
 - **Coordinated care models** should be a central part of our program
 - Identify ways that CalPERS can drive **market efficiencies**
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CalPERS Health Care Priorities

Questions raised for further exploration

The Board raised key questions during the open discussion:

- What does CalPERS want to deliver to our members and how best to get there?
 - How can CalPERS avoid excessive negative impact from uninsured cost-shifting?
 - What role can CalPERS play in driving market efficiencies?
 - What do members want in the way of choices and how do we deliver choice in rural areas?
 - Does CalPERS want to be the provider-of-choice for Public Agencies?
 - How can CalPERS be more data-driven in our decision-making?
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CalPERS Health Care Priorities

Key Areas of Focus

The Board identified the following key areas as health care priorities:

- **Pursue networks that promote provider competition** through provider selection, and payment structures rewarding efficiency and quality
 - Specify a **consistent set of administrative processes and performance results** that must be met by each health plan (require financial guarantees)
 - Require health plans to deliver **consistent, high-performing health and disease, and Rx management programs** (or consider carving these components out to specialty vendors)
 - Define **consistent data reporting requirements** for all plans
 - Consider adopting **evidence-based design** concepts
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3-Year Strategic Health Benefits Objectives for CalPERS (Suggested Action Plan)

The following outlines action plans for each key priority.

(1) Promote provider competition

- Refine/enhance provider selection criteria for Blue Shield Net Value plan
- Require Blue Cross to actively promote/market PERS Select to grow its enrollment
- Study ways to expand narrow network concepts to rural areas
- Work with health plans on new pay-for-performance concepts
- Include above concepts in any new health plan selection activities

(2) Ensure high-performing H/DM and Rx management

- Establish best practice H/DM and Rx performance standards
- Negotiate “at-risk” performance guarantees for H/DM and Rx results
- Establish specific plan management processes for H/DM and Rx
- Review potential carve-out gains (depending on emerging results)

(3) Consider adopting evidence-based design concepts

- Work with health plans to study potential impact of evidence-based design concepts



3-Year Strategic Health Benefits Objectives for CalPERS (Suggested Action Plan)

(4) Ensure consistent Plan performance results

- Establish consistent best practice performance standards for all plans
- Negotiate “at-risk” performance guarantees in key areas
- Establish regular performance review meetings with each plan covering all key areas

(5) Consistent data reporting requirements

- Develop a standard set of performance metrics for all plans, covering:
 - Cost, utilization and quality measures
 - Provider networks
 - Health & disease, and prescription drug management
- Require plan capture and delivery of required data to the HCDSS
- Use the HCDSS to produce periodic report sets for the HBC (including the 3 specific areas described above)

Suggested Immediate Steps

(1) Promote provider competition

- Negotiate enhancements to Blue Shield Net Value and PERS Select networks through renewal negotiation process

(2) High-performing H/DM and Rx management

- Work with health plans to pilot worksite wellness centers
- Implement performance improvement/reporting initiative from Mercer study
- Develop consistent Rx reporting/review process across all Plans

(3) Evidence-based design concepts

- Conduct a study to identify concepts for implementation in 2011

(4) Health plan accountability

- Expand current performance requirements through upcoming renewal negotiation process

(5) Consistent data reporting requirements

- Develop data dashboards